

(**Washington D.C.**) - Congressman Robert C. “Bobby” Scott (D-VA-3), along with other House Democrats, is strongly urging students and parents to consolidate their federal college loans before July 1, 2006, when interest rates on outstanding loans are expected to rise to their highest rate in six years. Consolidation allows a borrower to combine separate loans into one and lock in a low fixed interest rate. This could save borrowers thousands of dollars over the life of a loan.

Earlier this year, the Republican-led Congress cut \$12 billion out of the federal student aid programs in order to finance tax cuts for the wealthiest Americans. “The Majority in Congress has decided that it is more important to give tax cuts to the rich than help make college more affordable for our children.

As a result of bad policy choices, a college education is even more expensive for millions of American students and their families,” said Rep. Scott, who is a member of the Education and Workforce Committee.

“It is imperative that students and their families act now to consolidate their loans before interest rates increase on July 1

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This will help reduce your education debt in the long run.”

Each year on July 1, the U.S. Department of Education adjusts the interest rates on outstanding college loans. Interest rates on student loans are expected to rise to just over 7 percent and interest rates on parent loans are expected to rise to 7.8 percent. Student borrowers who consolidate their outstanding loans before July 1 would be eligible to lock in an interest rate as low as 4.75 percent, which could save thousands of dollars for the typical student. Parent borrowers who consolidate before July 1 would be eligible to lock in a rate as low as 6.1 percent over the life of their loan.

“Education is the key to our future,” said Rep. Scott. “An educated workforce is important to American competitiveness in this global marketplace.

We should be doing everything we can to make higher education accessible.

Instead, we are making it more difficult for students and their families,” commented Rep. Scott.

“But consolidation now is one way students and their families can save money.”

Rep. Scott is the cosponsor of a bill that would cut interest rates in half -- from 6.8 percent to 3.4 percent -- for students with subsidized loans, which go to students with the most financial need; it would also cut interest rates from 8.5 percent to 4.25 percent for parent borrowers.

House Democrats are hosting an online forum on college affordability, which gives college students, graduates and parents the opportunity to make their voices heard on their experiences with paying for college and on their ideas for how Congress should make college more affordable.

For more information on student and parent loan consolidation information, please visit:
<http://www.house.gov/scott/legislative/issues/student%20loan%20consolidation%20notice.html>

For more information on how to participate in the college affordability e-forum, please visit:

<http://edworkforce.house.gov/democrats/makecollegeaffordable.shtml>

For more information on Democratic legislation to cut interest rates in half on new college loans, please visit:

<http://edworkforce.house.gov/democrats/pdf/reverseraid.pdf>

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